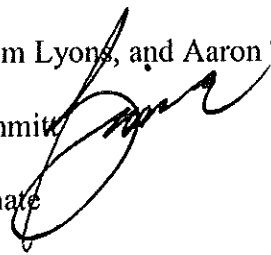


**Congress of the United States**  
JOINT COMMITTEE ON TAXATION  
Washington, DC 20515-6453

**MEMORANDUM**

APR 11 2012

**TO:** Mark Prater, Jim Lyons, and Aaron Taylor  
**FROM:** Bernard A. Schmitt   
**SUBJECT:** Revenue Estimate

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This memorandum is a partial response to your request of March 23, 2012, regarding revenue estimates of S. 2059, the "Paying a Fair Share Act of 2012," and the repeal of individual alternative minimum tax ("AMT").

The "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010" extended certain provisions of the "Economic Growth and Tax Relief Reconciliation Act of 2001 ('EGTRRA') and the "Jobs and Growth Tax Relief Reconciliation Act of 2003 ('JGTRRA') through 2012. In 2012, the maximum statutory rate on ordinary income is 35 percent and the maximum rate on capital gains and qualified dividend income is 15 percent. In 2013 and years thereafter, the maximum statutory rates for the regular income tax are 39.6 percent for ordinary income and 20 percent for capital gains under present law. (Dividend income will be treated as ordinary income in 2013 and years thereafter.) Also, beginning in 2013, an additional 3.8-percent tax will be imposed on the net investment income of certain individuals.

Under S. 2059, a new tax would be imposed on certain high-income taxpayers. The amount of the tax would equal the excess (if any) of a taxpayer's tentative fair share tax for the taxable year over the sum of the taxpayer's (a) regular tax liability (less allowable credits except for the foreign tax credit), (b) alternative minimum tax, and (c) payroll tax, where the payroll tax includes the employee's share of the OASDI and HI portions of FICA taxes, the additional 3.8-percent tax on net investment income, and any self-employment taxes less the deduction for self-employment taxes permitted under section 164(f) of the Code.

The taxpayer's tentative fair share tax equals 30 percent of the taxpayer's adjusted gross income ("AGI") less modified charitable contributions, where modified charitable contributions equal the taxpayer's allowable charitable deduction under section 170 of the Code multiplied by the ratio of the taxpayer's total itemized deduction after the overall limitation of itemized deductions under section 68 of the Code to total itemized deduction before the application of section 68.

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The new tax would apply to taxpayers with AGI in excess of one million dollars (\$500,000 for married individuals filing a separate return). The tax would be phased in for taxpayers with AGI between one million dollars and two million dollars (\$500,000 and one million dollars for married individuals filing a separate return). The AGI thresholds would be indexed for inflation for years after 2013. S. 2059 would be effective for taxable years beginning after December 31, 2012.

Your proposal would combine enactment of S. 2059 with repeal of the individual AMT effective for taxable years beginning after December 31, 2012.

For purposes of estimating the proposal, we have assumed an enactment date of May 1, 2012. We estimate that your proposal would have the following effect on Federal fiscal year budget receipts:

Fiscal Years [Billions of Dollars]													
Item	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-17	2012-22
Impose a minimum 30% tax on AGI less charitable contributions for taxpayers with AGI in excess of \$1 million.....	1.1	5.1	-6.1	4.5	4.8	5.3	5.7	6.1	6.4	6.7	7.0	14.7	46.7
Repeal the individual AMT....	---	-4.7	-48.8	-55.9	-64.1	-74.6	-87.2	-101.3	-116.2	-133.7	-153.6	-248.0	-840.0
Total.....	1.1	0.4	-54.9	-51.4	-59.3	-69.3	-81.5	-95.2	-109.8	-127.0	-146.6	-233.3	-793.3

NOTE: Details may not add to totals due to rounding.